

# FEDERAL UTILITY PARTNERSHIP WORKING GROUP SEMINAR

April 19-20, 2018  
Nashville, TN

## Overview of UESC Project Development

Hosted by:



# Utility/Federal Partnership

- The Utility Energy Service Contract (UESC) allows Federal Agencies to enter into contracts with their serving utility to implement Energy Conservation Projects
  - Energy Policy Act of 1992
    - Authorizes and encourages Federal agencies to participate in utility programs ranging from rebates on equipment to delivering a complete turnkey project (Source: FEMP)
  - Energy Independence and Security Act (EISA) of 2007
    - Set energy conservation goals for Federal facilities – 30% from established baseline by 2015
  - Executive Order 13423
    - Established goals to enter into contracts for energy conservation projects before 12/31/13, later extended through 2016

# Utility Contracts

All Legislative and Executive Action to substantiate the UESC Program is contained in

## Federal Energy Management Program **UESC Enabling Documents**

FEMP Website:

[http://www1.eere.energy.gov/femp/pdfs/uesc\\_enabling\\_documents09.pdf](http://www1.eere.energy.gov/femp/pdfs/uesc_enabling_documents09.pdf)

# Utility Contracts

- Why is SDGE Participating?
  - The Federal Government is SDGE's largest customer
  - SDGE offers total Project Management and Financing as a customer service to our most important customer in the interest of energy conservation goals. Services include audit/survey(s), project development, procurement, execution, and close-out for a total turnkey approach
  - Assists SDG&E in meeting our CPUC energy efficiency goals
  - SDG&E achieves profit on projects

# Utility Contracts

Why is the UESC vehicle the right choice?

SDG&E provides turnkey energy-efficiency products and services, including the following:

- Project Development – Audits, feasibility studies, and facility analysis.  
Average timeframe 3-6 months
- Implement energy conservation and demand-side management projects.
- Maintain a Life Cycle Cost Effective Payback
  - Bundle long payback ECMs with shorter term ECMs to create a comprehensive project
- Determine negotiated price for work proposed

# Utility Contracts

Why is the UESC vehicle the right choice?

- Determine the mix of appropriations and financing which can include agency funding, partial funding, or third-party funding. This also includes support for identifying additional sources of funding such as DOE or other federal agency programs.
- Operations & maintenance, training of personnel
- Full Facility Commissioning
- Infrastructure analysis, repair, installation, & maintenance

# Utility Contracts

Why is the UESC vehicle the right choice?

- Develop finance term such that the savings offsets the finance payment. Energy efficient projects that pay for themselves.
- Utility Budget is re-directed and is used to make payments upon contract completion
- Monthly payments are made to the Utility or its Assignee as a typical Utility bill
- Quality of Life Improvements increase productivity & morale

# UESC Risk Management

## RISK

- Cost Overruns
- Schedule Changes
- Equipment Operations
- Contractor Performance
- Long Sales Cycle
- Uneven Project Workflow
- GENERAL PROJECT MGT. RISK

## MITIGATION

- Solid Work Scope
- Have Contingency in Project Schedule
- Identify Upfront
- Define Milestone Payments
- Utilize Utility Audit Program
- Utilize Contract Labor
- HIRE QUALIFIED PEOPLE !!!



# Least Cost Alternative

- **Energy Savings based on Comprehensive Audits**
  - No Added Cost for Guaranteed Savings or Shared Savings projects
- **Performance Assurance Plan**
  - Provides customer M&V on the energy savings along with guidance and feedback to maintain ongoing savings
- **Maintenance contracts are Optional**
  - Contract value is minimized by allowing the flexibility of using other vehicles for maintenance requirements, if desired
- **Partnership**
  - SDGE's partnership with the Federal Government allows a collaborative process to minimize project overheads and focus on project implementation

# Best Value

- **SDGE handles all competitive requirements**
  - Assures that projects are competitive in nature, providing least cost and increased value
- **SDGE selects only the best qualified contractors**
  - Minimizes changes and assures high quality
- **SDGE Evaluation Process**
  - Contractors are awarded based on the lowest evaluated bid with consideration to all aspects of the project
- **Design-Build Process**
  - SDGE offers a Design-Build type of process, eliminating the need for multiple contractual actions on a single project

# UESC The Right Choice

- **OWNERSHIP** – Single source accountability
- **STABILITY** – SDGE has been serving our customers for more than 100 years
- **TURNKEY** – Represents the ability, knowledge, experience, resources, means & methods to provide a complete energy efficient solution
- **SOLUTIONS** – Services and products that are in the best interest of the client(s)
- **FLEXIBLE** – Solutions that enable and support services that create opportunities
- **OPPORTUNITIES** – Providing solutions, products, and services that foster greater quality of life issues while increasing efficiencies

# Utility Contracts

- Contract Vehicles

- GSA Area-wide

- Re-negotiated and executed in November, this vehicle provides the Government additional flexibility to procure maintenance, operations, and other services in addition to turnkey project management

- Basic Ordering Agreements

- Executed under the Area-wide, provides for terms and conditions for all projects, thus minimizing the contractual effort needed to release a project and expediting the implementation process